

TOWN OF ROSEPINE, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT

JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 18 2012

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# John A. Windham, CPA

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John A. Windham, CPA

## INDEPENDENT AUDITOR'S REPORT

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen  
Town of Rosepine, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Rosepine, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Rosepine, Louisiana, as of June 30, 2011, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2011 on my consideration of the Town of Rosepine, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not

The Honorable Donna Duval, Mayor  
and Members of the Board of Aldermen

express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The Town of Rosepine, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rosepine, Louisiana's financial statements as a whole. The schedule of per diem paid to board members is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of per diem paid to board members is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature of J. M. Windham, CPA in cursive script.

DeRidder, Louisiana  
November 10, 2011

## **BASIC FINANCIAL STATEMENTS**

Statement of Net Assets  
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 151,147	\$ 113,004	\$ 264,151
Receivables:			
Franchise taxes	15,974	-	15,974
Hotel/motel taxes	7,652	-	7,652
Ad valorem taxes	950	-	950
Accounts	-	48,763	48,763
Occupational licenses	5,169	-	5,169
Intergovernmental:			
Federal grants	13,525	-	13,525
Prepaid insurance	12,657	9,660	22,317
Due from other funds	-	73,865	73,865
Restricted assets	-	101,371	101,371
Non-depreciable capital assets	256,540	29,945	286,485
Depreciable capital assets - net	2,129,573	1,470,070	3,599,643
Total assets	<u>\$ 2,593,187</u>	<u>\$ 1,846,678</u>	<u>\$ 4,439,865</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 8,990	\$ 6,116	\$ 15,106
Payroll taxes payable	553	-	553
Salaries payable	6,765	5,979	12,744
Retirement payable	3,093	-	3,093
Due to other funds	73,865	-	73,865
Accrued interest payable	1,838	-	1,838
Customer deposits	-	46,813	46,813
Long term liabilities:			
Due within one year	45,687	21,499	67,186
Due in more than one year	228,696	415,398	644,094
Total liabilities	<u>\$ 369,487</u>	<u>\$ 495,805</u>	<u>\$ 865,292</u>
<b>NET ASSETS</b>			
Invested in capital asset - net of related debt	\$ 2,111,730	\$ 1,063,118	\$ 3,174,848
Restricted for:			
Bond retirement	-	31,448	31,448
Depreciation and contingencies	-	8,238	8,238
Sales taxes	-	53,978	53,978
Unrestricted	111,970	194,091	306,061
Total net assets	<u>\$ 2,223,700</u>	<u>\$ 1,350,873</u>	<u>\$ 3,574,573</u>
Total liabilities and net assets	<u>\$ 2,593,187</u>	<u>\$ 1,846,678</u>	<u>\$ 4,439,865</u>

The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended June 30, 2011

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government						
Public safety	\$ 108,785	\$ -	\$ 657	\$ 120,000	\$ 11,872	\$ -
Public works	316,878	210,477	36,175	-	(70,226)	-
Interest on long term debt	40,543	-	-	129,553	89,010	-
	13,169	-	-	-	(13,169)	-
Total governmental activities	\$ 479,375	\$ 210,477	\$ 36,832	\$ 249,553	\$ 17,487	\$ -
Business-type activities:						
Water and sewer	\$ 525,957	\$ 435,403	\$ -	\$ 36,811	\$ -	\$ (53,743)
Total government	\$ 1,005,332	\$ 645,880	\$ 36,832	\$ 286,364	\$ 17,487	\$ (53,743)
						\$ (36,256)
General revenues:						
Taxes:						
Ad valorem taxes					26,322	-
Sales taxes					-	90,935
Hotel/motel tax					21,035	-
Insurance premium tax					26,546	-
Franchise tax					72,492	-
Occupational licenses and permits					20,713	-
Investment earnings					380	579
Miscellaneous					5,193	495
Loss on disposal of assets					-	(4,151)
Transfers					30,104	(30,104)
Total general revenues and transfers					202,785	57,754
Change in net assets					220,272	4,011
Net assets at beginning of year					2,003,428	1,346,862
Net assets at end of year					\$ 2,223,700	\$ 1,350,873
						\$ 3,574,573

The accompanying notes are an integral part of the statement.

**Balance Sheet**  
**Governmental Fund**  
June 30, 2011

ASSETS	<u>General Fund</u>
Cash and cash equivalents	\$ 151,147
Receivables:	
Franchise taxes	15,974
Hotel/motel taxes	7,652
Ad valorem taxes	950
Occupational license	5,169
Intergovernmental:	
Federal grants	13,525
Prepaid insurance	12,657
Total assets	<u>\$ 207,074</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 8,990
Payroll taxes payable	553
Salaries payable	6,765
Retirement payable	3,093
Due to other funds	73,865
Total liabilities	<u>\$ 93,266</u>
Fund Balances:	
Unassigned	\$ 101,151
Nonspendable	12,657
Total fund balances	<u>\$ 113,808</u>
Total liabilities and fund balances	<u>\$ 207,074</u>

The accompanying notes are an integral part of this statement.



Town of Rosépine, Louisiana

Statement D

Reconciliation of the Governmental Fund Balance Sheet  
to Statement of Net Assets  
June 30, 2011

Total fund balance - total governmental fund	\$ 113,808
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Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	2,386,113
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Long-term liabilities including bonds payable are not  
due and payable in the current period and, therefore,  
are not reported in the governmental funds.

Accrued interest payable

\$ 1,838

Bonds and notes payable

274,383

(276,221)

Net assets of governmental activities

\$ 2,223,700

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund  
For the Year Ended June 30, 2011

	<u>General Fund</u>
Revenues	
Taxes:	
Ad valorem	\$ 26,322
Insurance premium tax	26,546
Franchise tax	72,492
Hotel/motel tax	21,035
Intergovernmental:	
Federal grants	165,728
State grants	20,000
Local donations	100,657
Occupational licenses and permits	20,713
Investment income	380
Fines and forfeitures	162,292
Court fees	44,785
Witness fees	3,400
Other revenues	5,193
Total revenues	<u>\$ 669,543</u>
Expenditures	
Current operating:	
General government	\$ 92,441
Public safety	292,245
Public works	6,899
Debt service:	
Principal	48,414
Interest	13,356
Capital outlay	251,549
Total expenditures	<u>\$ 704,904</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (35,361)</u>
Other financing sources	
Transfer in	<u>\$ 30,104</u>
Net change in fund balance	\$ (5,257)
Fund balances at beginning of year	<u>119,065</u>
Fund balances at end of year	<u><u>\$ 113,808</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund to the  
Statement of Activities

For the Year Ended June 30, 2011

Net change in fund balances - total governmental fund	\$ (5,257)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	251,549
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(74,621)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	48,414
Accrued interest on long term debt is not shown in the governmental funds.	<u>187</u>
Change in net assets of governmental activities	<u>\$ 220,272</u>

The accompanying notes are an integral part of this statement.

Statement of Net Assets  
Proprietary Fund  
June 30, 2011

	Business-type Activities - Enterprise Fund Water and Sewer
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 113,004
Receivables:	
Accounts	48,763
Prepaid insurance	9,660
Due from other funds	73,865
Total current assets	<u>\$ 245,292</u>
Noncurrent assets	
Restricted cash and cash equivalents	\$ 88,977
Restricted sales taxes receivable	12,394
Capital assets	
Non-depreciable capital assets	29,945
Depreciable capital assets - net	1,470,070
Total noncurrent assets	<u>\$ 1,601,386</u>
Total assets	<u><u>\$ 1,846,678</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 6,116
Current portion of note payable	13,792
Salaries payable	5,979
Customer deposits payable	46,813
Total current liabilities	<u>\$ 72,700</u>
Liabilities payable from restricted assets	
Bonds payable	<u>\$ 7,707</u>
Noncurrent liabilities	
Bonds and notes payable	<u>\$ 415,398</u>
Total liabilities	<u><u>\$ 495,805</u></u>
<b>Net Assets</b>	
Invested in capital assets - net of related debt	\$ 1,063,118
Restricted for:	
Bond retirement	31,448
Depreciation and contingencies	8,238
Sales taxes	53,978
Unrestricted	194,091
Total net assets	<u>\$ 1,350,873</u>
Total liabilities and net assets	<u><u>\$ 1,846,678</u></u>

The accompanying notes are an integral part of this statement.

## Town of Rosepine, Louisiana

## Statement H

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Fund  
 For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 435,403
Operating expenses	
Personal services	\$ 213,288
Supplies	20,236
Contractual services	165,842
Depreciation	101,272
Total operating expenses	\$ 500,638
Income (loss) from operations	\$ (65,235)
Nonoperating revenues (expenses)	
Sales taxes	\$ 90,935
Investment income	579
Interest expense	(25,319)
Loss on disposal of assets	(4,151)
Miscellaneous	495
Total nonoperating revenues (expenses)	\$ 62,539
Income (loss) before transfers	\$ (2,696)
Transfers out	\$ (30,104)
Capital contributions	36,811
Change in net assets	\$ 4,011
Net assets at beginning of year	1,346,862
Net assets at end of year	\$ 1,350,873

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 439,340
Cash payments to suppliers for goods and services	(202,563)
Cash payments to employees for services	(207,309)
Net cash provided by operating activities	<u>\$ 29,468</u>
Cash flows from noncapital financing activities:	
Sales tax received	\$ 85,217
Due from other funds	(168)
Transfers out	(30,104)
Miscellaneous	495
Net cash provided by noncapital and related financing activities	<u>\$ 55,440</u>
Cash flows from capital and related financing activities:	
Interest paid on debt	\$ (25,319)
Retirement of debt	(21,469)
Acquisition of fixed assets	(42,283)
Capital contributions received	36,811
Net cash used by capital and related financing activities	<u>\$ (52,260)</u>
Cash flow from investing activities:	
Interest on cash and investments	<u>\$ 579</u>
Net increase (decrease) in cash and cash investments	\$ 33,227
Cash and Cash investments, July 1	168,754
Cash and Cash investments, June 30	<u>\$ 201,981</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2011

	Business-type Activities - <u>Enterprise Funds</u>
	<u>Water and Sewer</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:	
Loss from operations	\$ (65,235)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 101,272
Change in assets and liabilities:	
Decrease in accounts receivable	1,757
Decrease in accounts payable	(16,703)
Increase in customer deposits payable	2,180
Decrease in prepaid insurance	218
Increase in salaries payable	<u>5,979</u>
Net cash provided by operating activities	<u>\$ 29,468</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

Town of Rosepine, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2011

## INTRODUCTION

The Town of Rosepine was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Rosepine conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 7 miles of roads and streets, and water and sewer services to approximately 800 residents.

The Town is located within Vernon Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,700 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are approximately seven employees who maintain the water and sewer systems, maintenance of streets, and handle the clerical work for the Town. The police department consists of an elected chief of police and approximately six patrolmen and a clerk.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



Notes to the Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental fund:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The municipality has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Town's enterprise fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, and then unrestricted resources as they are needed.

**C. Deposits and Investments**

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The Town levies taxes on real and business personal property located within the boundaries of the Town. Property taxes are levied by the Town on property values assessed by the Vernon Parish Tax Assessor and approved by the State of Louisiana tax Commission.

The Town of Rosepine bills and collects property taxes for the Town. The Town recognizes property taxes when received and any delinquent taxes are accrued at June 30, 2011.

Property Tax Calendar	
Assessment date	January 1, 2010
Levy date	June 30, 2010
Tax bills mailed	October 15, 2010
Total taxes due	December 31, 2010
Penalties & interest due	January 31, 2011
Lien date	January 31, 2011
Tax sale	May 15, 2011

For the year ended June 30, 2011 taxes of 5.07 mills were levied on property with an assessed valuation totaling \$5,128,250 and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	5.07	5.07	Annually

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the town, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

The following are the principal taxpayers and related property tax revenue for the municipality:

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Cleco Power, L.L.C.	Utility	\$ 268,350	5.23%	\$ 1,361
Gray Sales and Service, Inc.	Auto Dealer	795,200	15.51%	4,032
Vernon Company, L.L.C.	Nursing Center	312,060	6.09%	1,582
Total		<u>\$ 1,375,610</u>	<u>26.83%</u>	<u>\$ 6,975</u>

*Sales Taxes*

The Town of Rosepine receives a one-percent sales tax, which is dedicated to the maintenance of the sewer system for a period of 40 years beginning December 14, 1972.

**E. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**Bond sinking funds** - The Utility Revenue bonds dated November 1, 1995 require a monthly deposit into a sinking fund of \$2,600 for payment of principal and interest due each month.

**Bond reserve funds** - The Utility Revenue bonds dated November 1, 1995 require a monthly deposit into a reserve fund of \$130 until a \$31,200 balance is accumulated therein. Money in these accounts is used to pay the maturing principal and interest on the bonds when there is not sufficient money in the sinking funds.

**Depreciation and contingency funds** - the Utility Revenue bonds dated November 1, 1995 require a monthly deposit into a depreciation and contingency fund of \$133 for the life of the bond. Money in this account is used for repairs and replacement of the existing utility system.

Cash collected from sales taxes which are dedicated to the maintenance of the sewer system are classified as restricted assets.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Town of Rosepine was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$25,319. No interest was included as part of the cost of capital assets under construction in connection with the Town's construction projects.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**H. Compensated Absences**

The municipality has the following policy relating to vacation and sick leave:

Each fulltime and permanent municipal employee shall earn annual vacation and sick leave as follows:

Vacation

- Five (5) days with pay after one (1) year employment.
- Ten (10) days with pay after three (3) years employment.
- Fifteen (15) days with pay after six (6) years employment.
- Twenty (20) days with pay after nine (9) years employment.

Vacation days cannot be carried over from year to year.

The least amount of vacation taken at one time is one half (1/2) day.

Employees required to work on an observed holiday shall receive compensatory time off in the sanitation department or overtime pay. Holidays observed by the municipality shall not be counted as vacation leave.

Employees may not take pay instead of time off.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations, or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the immediate family of the employee which requires the care of the employee. All such absences, except those resulting from intemperance or immorality, shall be charged against the sick leave credit of the employee.

Each employee shall earn one (1) day for each month worked, provided, however no employee may accumulate more than ten (10) days of sick leave per year nor accumulate more than thirty (30) days of sick leave overall.

The least amount of time taken for sick leave is one half (1/2) day.

Sick leave may not be accumulated for an indefinite period, and there is no maximum amount of sick leave, which may be accumulated.

The mayor shall determine when a certificate from a doctor is required to substantiate the necessity of sick leave.

There will be no pay for unused leave upon resignation or retirement of an employee.

Sick leave may not be granted for maternity leave.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as

Notes to the Financial Statements (Continued)

issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**M. Nonspendable Fund Balance**

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. As for the Town of Rosepine the nonspendable fund balance consist of prepaid amounts of insurance premiums.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGET INFORMATION** The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are originally adopted, or amended from time to time by the Board of Aldermen.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS** The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2011:

Fund	Original Budget	Final Budget	Actual
General Fund	\$ 403,783	\$ 696,065	\$ 704,904

### 3. CASH AND CASH EQUIVALENT

At June 30, 2011 the municipality has cash and cash equivalents (book balances) totaling \$353,127 as follows:

Louisiana Asset Management Pool (LAMP)	\$ 36,059
Interest bearing demand deposits	221,576
Demand deposits	5,501
Petty cash	500
Money market investment accounts	89,491
Total	<u>\$ 353,127</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2011, the municipality has \$325,183 in deposits (collected bank balances). These deposits are secured from risk by \$297,085 of federal deposit insurance and \$28,098 of pledged securities held in a holding or custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand. Other items concerning cash and cash equivalents are located at Note 1C.

The Town also had invested \$36,059 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of June 30, 2011 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than three months, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**4. RECEIVABLES**

The receivables of \$92,033 at June 30, 2011, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:			
Franchise	\$ 15,974	\$ -	\$ 15,974
Ad valorem taxes	950	-	950
Occupational license	5,169	-	5,169
Accounts	-	48,763	48,763
Hotel/motel taxes	7,652	-	7,652
Federal grant	13,525	-	13,525
Total	<u>\$ 43,270</u>	<u>\$ 48,763</u>	<u>\$ 92,033</u>

**5. INTERFUND RECEIVABLES/PAYABLES**

The following due to/from balances exists due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is not expected to be paid within the current year.

	<u>Due from</u>	<u>Due to</u>
General fund	\$ -	\$ 73,865
Proprietary fund	73,865	-
Total	<u>\$ 73,865</u>	<u>\$ 73,865</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2011, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 115,350	\$ 100,000	\$ -	\$ 215,350
Work in progress	196,863	130,941	286,614	41,190
Total capital assets, not being depreciated	312,213	230,941	286,614	256,540
Capital assets being depreciated				
Buildings	744,577	20,609	-	765,186
Improvements other than buildings	1,382,710	286,614	-	1,669,324
Machinery and equipment	153,087	-	-	153,087
Vehicles	111,738	-	-	111,738
Total capital assets being depreciated	2,392,112	307,223	-	2,699,335
Less accumulated depreciation for:				
Buildings	7,446	15,407	-	22,853
Improvements other than buildings	292,066	33,654	-	325,720
Machinery and equipment	130,728	8,112	-	138,840
Vehicles	64,901	17,448	-	82,349
Total accumulated depreciation	495,141	74,621	-	569,762
Total capital assets being depreciated, net	\$ 1,896,971	\$ 232,602	\$ -	\$ 2,129,573
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 29,945	\$ -	\$ -	\$ 29,945
Capital assets being depreciated				
Buildings	6,000	-	-	6,000
Utility plant and improvements	3,582,447	42,282	23,366	3,601,363
Machinery and equipment	92,933	-	40,448	52,485
Vehicles	50,427	-	-	50,427
Total capital assets being depreciated	3,731,807	42,282	63,814	3,710,275
Less accumulated depreciation for:				
Buildings	4,625	300	-	4,925
Utility plant and improvements	2,127,216	88,523	23,146	2,192,593
Machinery and equipment	41,480	5,514	36,515	10,479
Vehicles	25,273	6,935	-	32,208
Total accumulated depreciation	2,198,594	101,272	59,661	2,240,205
Total business-type assets being depreciated, net	\$ 1,533,213	\$ (58,990)	\$ (4,153)	\$ 1,470,070



Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Depreciation expense of \$74,621 for the year ended June 30, 2011, was charged to the following governmental functions:

Public works	\$ 33,644
Public safety	24,633
General administration	16,344
Total	<u>\$ 74,621</u>

**7. CONSTRUCTION COMMITMENTS**

The municipality has active construction projects as of June 30, 2011. The Town is in process of constructing new sidewalks for its streets. At year-end the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Sidewalk project	<u>\$ 41,190</u>	<u>\$ 281,260</u>

**8. INTERFUND TRANSFERS**

	Transfer in	Transfer out
General fund	\$ 30,104	\$ -
Proprietary fund	-	30,104
Total	<u>\$ 30,104</u>	<u>\$ 30,104</u>

Transfers of \$30,104 from the utility fund to the general fund were used to provide operating capital for the general fund.

**9. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$31,496 at June 30, 2011, are as follows:

	General Fund	Proprietary Fund	Total
Accounts	\$ 8,990	\$ 6,116	\$ 15,106
Salaries	6,765	5,979	12,744
Payroll taxes payable	553	-	553
Retirement	3,093	-	3,093
Total	<u>\$ 19,401</u>	<u>\$ 12,095</u>	<u>\$ 31,496</u>

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2011.

	Bonded Debt	Proprietary Fund Note Payable	Total
Long-term obligations at beginning of year	\$ 429,099	\$ 29,267	\$ 458,366
Additions	-	-	-
Principal payments	<u>(7,287)</u>	<u>(14,182)</u>	<u>(21,469)</u>
Long-term obligations at end of year	<u>\$ 421,812</u>	<u>\$ 15,085</u>	<u>\$ 436,897</u>

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

	Governmental Fund			
	Certificates of Indebtedness	Bonded Debt	Notes Payable	Total
Long-term obligations at beginning of year	\$ 110,000	\$ 184,000	\$ 29,449	\$ 323,449
Additions	-	-	-	-
Principal payments	(26,000)	(8,000)	(15,066)	(49,066)
Long-term obligations at end of year	\$ 84,000	\$ 176,000	\$ 14,383	\$ 274,383

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2011:

	Proprietary Fund		
	Bonded Debt	Note Payable	Total
Current portion	\$ 7,707	\$ 13,792	\$ 21,499
Long-term portion	414,105	1,293	415,398
Total	\$ 421,812	\$ 15,085	\$ 436,897

	Governmental Fund			
	Certificates of Indebtedness	Notes Payable	Bonded Debt	Total
Current portion	\$ 27,000	\$ 10,687	\$ 8,000	\$ 45,687
Long-term portion	57,000	3,696	168,000	228,696
Total	\$ 84,000	\$ 14,383	\$ 176,000	\$ 274,383

All municipal bonds outstanding at June 30, 2011, for \$597,812 are revenue bonds with maturities from 2007 to 2035 and interest rates at 4.85% to 7.25%. Bond principal and interest payable in the next fiscal year are \$15,707 and \$31,447 respectively. The individual issues are as follows:

Bonds	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Utilities Revenue Bonds	11/1/1995	5.50%	10/20/2035	\$ 371,190	\$ 421,812	Water revenues
Certificate of Indebtedness	5/1/2004	2.75% to 4.00%	5/1/2014	\$ 6,662	\$ 84,000	General revenues
Municipal Building Bonds	1/10/2008	4.85%	5/1/2027	\$ 79,928	\$ 176,000	General revenues
Note Payable	9/19/2009	5.50%	10/1/2012	\$ 575	\$ 14,383	General revenues
Note Payable	6/28/2010	6.00%	7/1/2012	\$ 503	\$ 15,085	General revenues

Town of Rosepine, Louisiana

Notes to the Financial Statements (Continued)

Year Ending June 30,	Principal Payments	Interest Payments	Total
2012	68,403	35,815	104,218
2013	49,141	33,200	82,341
2014	45,621	31,499	77,120
2015	18,118	29,454	47,572
2016	18,643	28,492	47,135
2017-2021	109,221	126,376	235,597
2022-2026	142,722	94,004	236,726
2027-2031	115,205	56,522	171,727
2032-2036	132,604	23,396	156,000
2037	11,602	100	11,702
Total	<u>\$ 711,280</u>	<u>\$ 458,858</u>	<u>\$ 1,170,138</u>

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2011, the statutory limit is \$1,794,888 and outstanding bonded debt totals \$597,812.

**11. RESTRICTED NET ASSETS**

The Proprietary Fund – The Utility Fund had restricted net assets available as follows:

Restricted assets:	
Reserve and contingency accounts	\$ 42,114
Sinking fund	5,279
Sales tax deposits	41,584
Sales tax receivable	12,394
Total	<u>\$ 101,371</u>
Less:	
Liabilities payable from restricted assets:	
Current portion of bond	<u>\$ 7,707</u>
Restricted net assets	<u>\$ 93,664</u>

**12. RETIREMENT SYSTEMS**

Substantially all employees of the Town of Rosepine are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**A. Municipal Employees Retirement System of Louisiana (System)**

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot

Town of Rosepine, Louisiana

Notes to the Financial Statements (Concluded)

exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Rosepine is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and The Town of Rosepine are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Rosepine's contributions to the System under Plan B for the years ending June 30, 2011, 2010 and 2009, were \$13,491, \$11,972, and \$10,773, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Rosepine is required to contribute at an actuarially determined rate. The current rate is 15.00% of annual covered payroll. The contribution requirements of plan members and the Town of Rosepine are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Rosepine's contributions to the System for the years ending June 30, 2011, 2010 and 2009, were \$15,269, \$6,520, and \$5,403, respectively, equal to the required contributions for each year.

## REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes:					
Ad valorem	\$ 23,300	\$ 25,570	\$ 26,322	\$ 752	\$ 26,322
Insurance premium tax	27,000	21,377	26,546	5,169	26,546
Franchise tax	68,600	70,159	72,492	2,333	72,492
Hotel/motel tax	14,200	20,569	21,035	466	21,035
Intergovernmental:					
Federal grants	23,000	189,993	165,728	(24,265)	165,728
State grants	-	20,000	20,000	-	20,000
Local donations	-	100,643	100,657	14	100,657
Occupational licenses and permits	18,000	20,713	20,713	-	20,713
Investment income	350	380	380	-	380
Fines and forfeitures	160,000	162,292	162,292	-	162,292
Court fees	35,000	44,785	44,785	-	44,785
Witness fees	4,000	3,400	3,400	-	3,400
Other revenue	150	5,193	5,193	-	5,193
<b>Total revenues</b>	<b>\$ 373,600</b>	<b>\$ 685,074</b>	<b>\$ 669,543</b>	<b>\$ (15,531)</b>	<b>\$ 669,543</b>
<b>Expenditures</b>					
Current operating:					
General government	\$ 74,509	\$ 99,398	\$ 92,441	\$ 6,957	\$ 92,441
Public safety	262,476	275,700	292,245	(16,545)	292,245
Public works	5,028	6,826	6,899	(73)	6,899
Debt service:					
Principal	48,414	48,414	48,414	-	48,414
Interest	13,356	13,356	13,356	-	13,356
Capital outlay	-	252,371	251,549	822	251,549
<b>Total expenditures</b>	<b>\$ 403,783</b>	<b>\$ 696,065</b>	<b>\$ 704,904</b>	<b>\$ (8,839)</b>	<b>\$ 704,904</b>

(Continued)

Town of Rosepine, Louisiana

General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences		Actual Amount GAAP Basis
	Original	Final		over	(under)	
Excess (deficiency) of revenues over expenditures	\$ (30,183)	\$ (10,991)	\$ (35,361)	\$	(24,370)	\$ (35,361)
Other financing sources (uses):						
Transfers in	\$ 30,183	\$ 30,104	\$ 30,104	\$	-	\$ 30,104
Net change in fund balance	\$ -	\$ 19,113	\$ (5,257)	\$	(24,370)	\$ (5,257)
Fund balances at beginning of year	85,908	119,065	119,065		-	119,065
Fund balances at end of year	\$ 85,908	\$ 138,178	\$ 113,808	\$	(24,370)	\$ 113,808

(Concluded)

## OTHER SUPPLEMENTAL SCHEDULES



## Town of Rosepine, Louisiana

Schedule of Per Diem Paid to Board Members  
Year Ended June 30, 2011

<u>Board Member</u>	<u>Total Paid</u>
Jeff Solinsky	\$ 1,200
Daniel Martinez	600
James Cryer	1,200
Billy Owens	1,200
Damon Johnson	600
Judy Green	600
Dennis Craft	600
	<u>\$ 6,000</u>

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
Year Ended June 30, 2011

Findings – Financial Statement Audit

Audit Finding No. 2010 – 1

Reimbursement funds not timely applied for

Finding:

Grant reimbursement funds available from the state for overtime pay for police officers working DWI check points and other traffic stops were not timely requested after the end of each month. The Town pays the police officers overtime pay monthly as it is earned but December 2009 through May 2010 grant reimbursement funds for this overtime pay was not requested from the state until June 29, 2010. As of the date of the audit report June 2010's grant reimbursement funds had not been requested.

Date of Initial Occurrence June 30, 2010

Corrective Action Taken Yes

Schedule of Current Year Audit Findings and Management's Response  
Year Ended June 30, 2011

There were no current year audit findings reported as of June 30, 2011.

# John A. Windham, CPA

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John A. Windham, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Donna Duval, Mayor  
and the Members of the Board of Aldermen  
Town of Rosepine, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Rosepine, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Town of Rosepine, Louisiana's basic financial statements and have issued my report thereon dated November 10, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Rosepine, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Rosepine's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Rosepine, Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rosepine, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Donna Duval, Mayor  
Town of Rosepine, Louisiana  
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This report is intended solely for the information and use of management, others within the organization, the Board of Aldermen, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*John D. Windham, CPA*

DeRidder, Louisiana  
November 10, 2011